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M-34767

Eng. 8-383

8 APR 1950

Chief, Procurement Division, OL

Chief, Engineering Division, OC

Contract RD-91, Marine Crystal Video System

1. The original contract called for the development of a special marine video receiver and the fabrication of three (3) complete systems for a total consideration of \$278,000.00. This work was scheduled to take six (6) months for delivery of the first item with the remaining two systems to follow. Later, additional requirements necessitated an amendment for extended scope for a consideration of \$50,566.00.

2. It became apparent during the later part of the first phase that [ ] would be unable to deliver the first unit on schedule as innumerable engineering design problems and procurement delays took considerably more time than anticipated. This additional time, and the increased material costs (brought on in part by the engineering problems) caused [ ] to submit a request on 18 July for additional funds needed to complete the three systems.

3. This proposal was forwarded to the sponsoring Division, who indicated that the excessive time delays had resulted in cancellation of certain projects with the result that only one system could be used to advantage. [ ] was advised of this rejection of their request and asked to utilize existing funds to complete as much of the original requirement as possible. In reply, [ ] stated they could deliver two systems and limited spare parts with existing funds.

4. In December 1956, one year after scheduled delivery, the first system was made ready for test prior to shipment to us. According to certain laboratory tests, the system appeared to perform in a satisfactory manner and was then brought into [ ]. Meanwhile, arrangements had been made with the Naval Research Laboratories to have this system tested under environmental conditions at their [ ].

[ ] completely unacceptable. The company was notified, and dispatched certain of their senior engineers to the test site for an on-the-spot check. Our findings were verified and the system was returned to

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[ ] for rework. The inspection report, Number 12 dated 20 March 1957, indicates SATISFACTORY progress despite unsatisfactory equipment performance. This was done on the basis that the company had agreed to correct the unsatisfactory conditions.

6. In April 1957, the unit was again field tested and found to be satisfactory. It was then operationally committed and apparently has been performing in a satisfactory manner.

7. [ ] then prepared a proposal, TP No. 868 of 15 May 1957, with a cost and price analysis, stating what must be done to bring system number two up to satisfactory operating condition. Inasmuch as operational requirements had lapsed, this proposal was rejected, and the company so advised.

8. Following is a tabulation of deliverable items received to date, of those items called for under terms of the original agreement.

<u>Called For</u>	<u>Received</u>
Item 1 3 ea Engineering Models Passive Intercept Receiving System	1 ea satisfactory working model. 1 ea non-working model (incomplete)
Item 2 3 sets spare parts	1 set assorted spare parts. Residual inventory not yet received
Item 3 10 ea copies of Final Report	None
Item 4 10 ea copies Instruction Book	10 ea copies for system that doesn't work
Item 5 1 set Contractor's drawings	None
Item 6 1 set GFE antenna drawings	Returned

9. It is therefore requested that the contract be amended, to show the following deliverable items and closed out.

Item 1 2 ea receiving systems, 1 set modified; 1 set unmodified, partially complete.

Item 2 1 set spare parts. All residual property to be considered spare parts.

Item 3, Item 4 and Item 5 combined 10 ea Final Reports. If possible and within existing funds (if any), it is

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desired that a final report reflecting all changes, corrected schematic diagrams and assembly drawings for the working set be prepared.

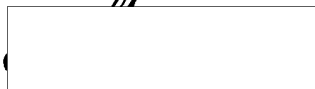


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**Attachment:**

- a) Contractor's letter of request for additional funds, dated 18 July 1956 (copy)
- b)  Quotation and Cost and Price Analysis No. 751-23 dated 17 May 1957
- c) Technical Proposal 868 dated 15 May 1957

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(28 March 1958)

COORDINATION:

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and Subject File

Reading

SP/EA

OC-E Chrono

R&D Chrono

EP Chrono

OC-SP/EA

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